



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

Kathleen Clarke
Executive Director

Lowell P. Braxton
Division Director

1594 West North Temple, Suite 1210

PO Box 145801

Salt Lake City, Utah 84114-5801

801-538-5340

801-359-3940 (Fax)

801-538-7223 (TDD)

July 31, 2000

CERTIFIED RETURN RECEIPT

Z 230 748 224

Chip Ziegler
Executive Vice President
Ziegler Chemical & Mineral Corp.
100 Jericho Quadrangle
Jericho, New York 11753

Re: Formal Approval of Form and Amount of Reclamation Surety and I-2 Amendment,
Ziegler Chemical and Mineral Corporation, Ziegler Gilsonite Mines, M/047/013, Uintah
County, Utah

Dear Mr. Ziegler:

On July 31, 2000, the Director of the Division of Oil, Gas and Mining formally approved the form and amount of replacement reclamation surety for the Ziegler Gilsonite Mines. The reclamation surety in the amount of \$143,900 is in the form of a surety bond ; _____ issued by Great American Insurance Company. The surety bond jointly lists the Division and the USDOI Bureau of Land Management. The Division hereby grants its approval of this project amendment and the new reclamation surety. You may begin mining operations at the I-2 site as outlined in your mining and reclamation plan at your convenience.

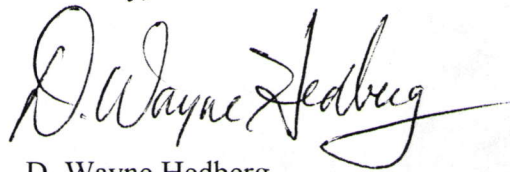
We will await the additional information as described in our July 20, 2000, conditional approval letter (due August 30, 2000), then complete a detailed review of the reclamation estimate. You will be notified accordingly of any required change in the bond amount.

Enclosed please find copies of the fully signed and executed Reclamation Contract and surety bond forms for your files. Thank you for your help and patience in finalizing this permitting action. Please call me if you have any questions in this regard.

Page 2
Chip Ziegler
M/047013
July 31, 2000

Also enclosed are the existing original reclamation contract dated July 15, 1997, for your disposal, and the original Frontier Insurance Company \$126,600 surety bond #105810 for your disposal or return to Frontier Insurance Company.

Sincerely,



D. Wayne Hedberg
Permit Supervisor
Minerals Regulatory Program

jb

Enclosure #1: Original MR-RC dated 7/15/97 & Frontier Surety #105810,

Enclosure #2: copies of MR-RC dated 7/31/00 & Great American Insurance Surety Bond #5618390

cc: Gayle McKeachnie, McKeachnie & Allred, Consultant for Ziegler Gilsonite, w/enclosures #2

Stan Wagner, Ziegler Gilsonite Mines, w/enclosures #2

William H. Hutto, Attorney-In-Fact, Frontier Insurance Company

O:\m47-13-12approve.wpd

Stan Perkes, BLM Utah State Office

FORM MR-RC
Revised January 18, 2000
RECLAMATION CONTRACT

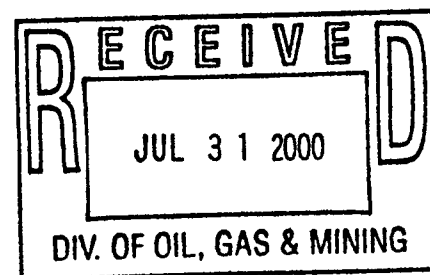
File Number M/047/013Effective Date July 31, 2000

Other Agency File Number _____

4AG - 7/28/00

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION of OIL, GAS and MINING
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
(801) 538-5291
Fax: (801) 359-3940

RECLAMATION CONTRACT
--ooOoo--



For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.)
(Mineral Mined)

M/047/013Gilsonite

"MINE LOCATION":

(Name of Mine)

(Description)

Ziegler Gilsonite MinesUnderground Mines in Uintah
County, Utah

"DISTURBED AREA":

(Disturbed Acres)

(Legal Description)

41.94 acres(refer to Attachment "A")

"OPERATOR":

(Company or Name)

(Address)

Ziegler Chemical & Mineral Corp.100 Jericho Quad, Suite 140
Jericho, New York 11753

(Phone)

(516) 681-9600

"OPERATOR'S REGISTERED AGENT":

(Name)

(Address)

(Phone)

McKeachnie & AllredGayle E. McKeachnie121 West Main StreetVernal, Utah 84078(435) 789-4908**"OPERATOR'S OFFICER(S)":**Gordon Ziegler, Jr./PresidentStan Wagner/Manager/Vernal, Utah offic**"SURETY":**

(Form of Surety - Attachment B)

Reclamation Bond (Surety Bond)**"SURETY COMPANY":**

(Name, Policy or Acct. No.)

Great American Insurance Company**"SURETY AMOUNT":**

(Escalated Dollars)

\$143,900**"ESCALATION YEAR":**2005**"STATE":****"DIVISION":**State of UtahDivision of Oil, Gas and Mining**"BOARD":**Board of Oil, Gas and Mining**ATTACHMENTS:**

A "DISTURBED AREA":

B "SURETY":

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between Ziegler Chemical & Mineral Corp the "Operator" and the Utah State Division of Oil, Gas and Mining ("Division").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. M/047/013 which has been approved by the Utah State Division of Oil, Gas and Mining under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim that area described as the Disturbed Area as set forth and in accordance with Operator's approved Reclamation Plan, and Operator is obligated to provide surety in form and amount approved by the Division, to assure reclamation of the Disturbed Area.

NOW, THEREFORE, the Division and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the original Notice of Intention dated July 14, 1986, and the original Reclamation Plan dated July 14, 1986. The Notice of Intention as amended, and the Reclamation Plan, as amended, are incorporated by this reference and made a part hereof.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Division. Such surety as evidenced by the Surety Contract is in the form of the surety attached hereto as Attachment B and made a part hereof. The Surety Contract shall remain in full force and effect according to its terms unless modified by the Division in writing. If the Surety Contract expressly provides for cancellation, then, within 60 days following the Division's receipt of notice that the Surety Company intends to cancel the Surety Contract, the Operator shall provide a replacement Surety Contract in a form and amount reasonably acceptable to the Division. If the Operator fails to provide an acceptable replacement Surety Contract, the Division may order the Operator to cease further mining activities and to begin immediate reclamation of the Disturbed Area.
3. Operator agrees to pay legally determined public liability and property damage claims resulting from mining to the extent provided in Section 40-8-7(1)(e) of the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
6. If reclamation of discrete sections of the Disturbed Area is completed to the satisfaction of the Division, and the Division finds that such sections are severable from the remainder of the Disturbed Area, Operator may request the Division to certify that Operator has reclaimed such discrete sections of the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended. If the Division makes such certification, Operator may make request to the Division that the aggregate face amount of the Surety Contract provided pursuant to paragraph 2 be reduced to an amount necessary to provide for completion of the remaining reclamation. The Division shall hear Operator's

request for such reduction in accordance with the Board's Procedural Rules concerning requests for Agency Action.

7. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
8. Operator may, at any time, submit a request to the Division to substitute surety. The Division may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
9. This Contract shall be governed and construed in accordance with the laws of the State of Utah.
10. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including reasonable attorney's fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
11. Any breach that the Division finds to be material of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Board of Oil, Gas and Mining may enter an order to revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety Contract, or take such other action as is authorized by law.
12. In the event of forfeiture of the Surety Contract, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the Surety Contract, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
13. This Contract including the Notice of Intention, as amended and the Reclamation Plan, as amended, represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.
14. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

OPERATOR:

Ziegler Chemical & Mineral Corp.

Operator Name

By Gordon S. Ziegler, Jr.

Authorized Officer (Typed or Printed)

President

Authorized Officer - Position

Gordon S. Ziegler, Jr.

Officer's Signature

Date

7/26/00STATE OF New YorkCOUNTY OF NASSAU

) ss:

On the 26th day of JULY, 2000, personally appeared before me GORDON S. ZIEGLER, JR. who being by me duly sworn did say that he/she, ~~the said~~ is the PRESIDENT of ZIEGLER CHEMICAL & MINERAL CORP. and duly acknowledged that said instrument was signed on behalf of said company by authority of its bylaws or a resolution of its board of directors and said GORDON S. ZIEGLER, JR. duly acknowledged to me that said company executed the same.

MADELEINE RADOFF
Notary Public, State of New York
No. 30-4681509
Qualified in Nassau County
Commission Expires March 30, 2002

Madeline Radoff
My Commission Expires:

MADELEINE RADOFF
Notary Public
Residing at: 101 VILLAGE DR.

SERIALIZED JUL 11 2000

DIVISION OF OIL, GAS AND MINING:

By Lowell P. Braxton
Lowell P. Braxton, Director7/31/00
DateSTATE OF Utah
COUNTY OF Salt Lake) ss:

On the 31ST day of July, 2000,
personally appeared before me Lowell P. Braxton, who being
duly sworn did say that he/~~she~~, the said Lowell P. Braxton
is the Director of the Division of Oil, Gas and Mining, Department of Natural Resources,
State of Utah, and he/~~she~~ duly acknowledged to me that he/~~she~~ executed the foregoing
document by authority of law on behalf of the State of Utah.



Victoria A. Bailey
Notary Public
Residing at: Salt Lake City, UT

February 29, 2004
My Commission Expires:

ATTACHMENT "A"

Ziegler Chemical & Mineral Corp.

Ziegler Gilsonite Mines

Operator

Mine Name

M/047/013

Uintah

County, Utah

Permit Number

The legal description of lands to be disturbed is:

Name	Legal	Acres
Independent 2	T9S, R24E, Sec.16:SE1/4 of NE1/4	1.40
Independent 3	T9S, R24E, Sec.16:SE1/4 of NE1/4	1.38
Independent 4	T9S, R24E, Sec.16:SW1/4 of NE1/4	1.41
Independent 5	T9S, R24E, Sec.16:NW1/4 of NE1/4	1.20
Little Bonanza 3	T9S, R24E, Sec.16:SW1/4 of SE1/4	1.14
Little Bonanza 8	T9S, R24E, Sec.16:SE1/4 of SE1/4	1.00
Little Bonanza 8A	T9S, R24E, Sec.15:SW1/4 of SW1/4	1.00
Little Bonanza 11	T9S, R24E, Sec.22:NE1/4 of NW1/4	1.01
Little Bonanza 12	T9S, R24E, Sec.22:NE1/4 of NW1/4	1.51
Little Emma 1	T9S, R24E, Sec.30:SE1/4 of SE1/4	1.10
Cottonwood 1&2	T10S, R21E, Sec.29:NE1/4 of SE1/4	1.24
Cottonwood 3	T10S, R21E, Sec.29: SW1/4 of NW1/4 and T10S, R21E, Sec.30: SE1/4 of NE1/4	1.50
Cowboy Federal #1	T8S, R21E, Sec.33:SW1/4 of SW1/4 of SE1/4	3.30
Z1-95-1	T9S, R24E, Sec.16:NE1/4 of NW1/4 of NW1/4	4.55
Total		22.74
Processing Facilities:		
	T9S, R24E, Sec.22: NW1/4 of NW1/4	2.50
	T9S, R24E, Sec.15: SW1/4 of SW1/4	6.00
	T9S, R24E, Sec.16: SW1/4 of SE1/4	10.70
Total		19.20
Total Disturbed		41.94

ATTACHMENT B

FORM MR-6
Joint Agency Surety Form
(January 18, 2000)

Bond Number _____
Permit Number M/047/013
Mine Name Ziegler Gilsonite Mines
Other Agency File Number _____

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
Division of Oil, Gas and Mining
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
Telephone: (801) 538-5291
Fax: (801) 359-3940

THE MINED LAND RECLAMATION ACT

SURETY BOND

The undersigned ZIEGLER CHEMICAL & MINERAL CORP as Principal, and GREAT AMERICAN INSURANCE COMPANY as Surety, hereby jointly and severally bind ourselves, our heirs, administrators, executors, successors and assigns unto the State of Utah, Division of Oil, Gas and Mining, and the USDOJ-BUREAU OF LAND MANAGEMENT, in the penal sum of ONE HUNDRED FORTY-THREE THOUSAND NINE HUNDRED & 00/100 dollars (\$143,900.00).

Principal has estimated in the Mining and Reclamation Plan approved by the Division of Oil, Gas and Mining on the 28TH day of JULY, 1988, that 41.94 acres of land will be disturbed by this mining operation in the State of Utah.

A description of the disturbed land is attached as "Attachment A" to the Reclamation Contract of which this document is an integral part.

The condition of this obligation is that if the Division determines that Principal has satisfactorily reclaimed the disturbed lands in accordance with the approved Mining and Reclamation Plan and has faithfully performed all requirements of the Mined Land Reclamation Act, and complied with the Rules and Regulations adopted in accordance therewith, then this obligation shall be void; otherwise it shall remain in full force and effect.

If the Mining and Reclamation Plan provides for periodic partial reclamation of the disturbed lands, and if the lands are reclaimed in accordance with such Plan, Act and regulations, then Principal may apply for a reduction in the amount of this Surety Bond.

RECEIVED

JUL 25 2000

DIVISION OF
OIL, GAS AND MINING

Page 2
MR-6
Joint Agency Surety Bond
Attachment B

Bond Number _____
Permit Number M/047/013
Mine Name ZIEGLER GISONITE MINES
Other Agency File Number _____

In the converse, if the Mining and Reclamation Plan provides for a gradual increase in the area disturbed or the extent of disturbance, then, the Division may require that the amount of this Surety Bond be increased, with the written approval of the Surety.

This bond may be canceled by the Surety after ninety (90) days following receipt by the Division and Principal of written notice of such cancellation. Surety's liability shall then, at the expiration of said ninety (90) days, cease and terminate except that Surety will remain fully liable for all reclamation obligations of the Principal incurred prior to the date of termination.

Principal and Surety and their successors and assigns agree to guarantee said obligation and to indemnify, defend, and hold harmless the Division from any and all expenses (including attorney fees) which the Division may sustain in the collection of sums due hereunder.

Surety will give prompt notice to Principal and to the Division of the filing of any petition or the commencement of any proceeding relating to the bankruptcy, insolvency, reorganization, or adjustment of the debts of Surety, or alleging any violation or regulatory requirements which could result in suspension or revocation of the Surety's license to do business.

IN WITNESS WHEREOF, the Principal and Surety hereunto set their signatures and seals as of the dates set forth below.

ZIEGLER CHEMICAL & MINERAL CORP
Principal (Permittee)

Chip Ziegler
By (Name typed):

Executive Vice President
Title

Chip Ziegler
Signature

GREAT AMERICAN INSURANCE COMPANY
Surety Company

WILLIAM H. HUTTO
Company Officer

ATTORNEY-IN-FACT
Title/Position

William H. Hutto
Signature

7/24/00
Date

580 WALNUT STREET
Surety Company Address

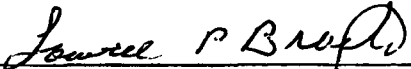
CINCINNATI, OHIO 45202
City, State, Zip

21 JULY 2000
Date

Page 3
MR-6
Joint Agency Surety Bond
Attachment B

Bond Number _____
Permit Number M/047/013
Mine Name Ziegler Gilsonite Mines
Other Agency File Number _____

SO AGREED this 31 day of July, 2000.



Lowell P. Braxton, Director
Utah State Division of Oil, Gas and Mining

*NOTE: Where one signs by virtue of Power of Attorney for a Surety Company, such Power of Attorney must be filed with this bond. If the Principal is a corporation, the bond shall be executed by its duly authorized officer.

My Commission Expires:
SPENCER H. ZETTLER
 Notary Public, State of New York
 No. 01ZE508314
 Qualified in Nassau County
 Commission Expires July 21, 2001

CORPORATE SURETY ACKNOWLEDGEMENT

STATE OF)
COUNTY OF) ss:
)

On this 21ST day of JULY in the year Two Thousand personally
came William H. Hutto, Attorney-in-Fact of GREAT AMERICAN INSURANCE COMPANY
to me known and known to me to be

the individual described in and who executed the foregoing instrument, and he acknowledged to me that he
executed the same.

CORPORATE PRINCIPAL ACKNOWLEDGEMENT

STATE OF)
COUNTY OF) ss:
)

On this 21st day of July in the year nineteen hundred and 2000
before me personally came Chip Ziegler

to me known, who being by me duly sworn, did depose and say that he resided in Stamford, Ct.
that he is the Exec. V.P. of the Ziegler Chemical & Mineral Corp.
the Corporation described in and which executed the above instrument; that he knew the seal of said corporation;
that the seal affixed to said instrument was such corporate seal; that it was so affixed by order of the Board of
Directors of said corporation, and that he signed his name thereto by like order.

INDIVIDUAL PRINCIPAL ACKNOWLEDGEMENT

STATE OF)
COUNTY OF NASSAU) ss:
)

On this 21st day of July 2000 before me personally appeared
CHIP ZIEGLER
to me known, and known to me to be
one of the members of the firm of ZIEGLER CHEMICAL & MINERAL CORP.

described in and who executed the foregoing instrument, and
he thereupon acknowledged to me that he executed the same as and for the act and deed of said firm.

MADELEINE RADOFF
Notary Public, State of New York
No. 30-4681509
Qualified in Nassau County
Commission Expires March 30, 2002



GREAT AMERICAN INSURANCE COMPANY®

STATEMENT OF DECEMBER 31, 1999

ADMITTED ASSETS

Bonds.....	\$ 1,614,881,059
Stocks.....	1,476,694,671
Mortgage loans on real estate.....	65,039,007
Real estate (not of encumbrances).....	57,217,080
Cash on hand and on deposit.....	(10,093,334)
Short-term investments.....	92,890,300
Agents' and premium balances.....	151,358,562
Other admitted assets.....	<u>306,272,003</u>

LIABILITIES, CAPITAL AND SURPLUS

Unpaid losses and loss expenses.....	\$ 2,186,099,587
Reserve for underwriting expenses.....	61,606,857
Reserve for unearned premiums.....	512,935,987
Federal and foreign income taxes.....	
Other liabilities.....	<u>(174,778,425)</u>
Total liabilities.....	<u>2,585,864,007</u>
Capital stock.....	\$ 15,440,600
Paid in surplus.....	823,716,395
Special surplus funds.....	98,598,600
Unassigned funds.....	<u>230,537,747</u>

Policyholders' surplus..... 1,168,593,342

Total..... \$ 3,754,457,348

Total..... \$ 3,754,457,348

Securities have been valued on the basis prescribed by the National Association of Insurance Commissioners

STATE OF OHIO

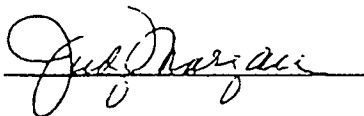
SS.:

COUNTY OF HAMILTON

Robert F. Amory, Senior Vice President and Treasurer, and Karen Holley Horrell, Senior Vice President and Secretary, being duly sworn, each for himself deposes and says that they are the above described officers of the Great American Insurance Company of Cincinnati, Ohio; that said Company is a corporation duly organized, existing and engaged in business as a Surety by virtue of the laws of the State of Ohio and has duly complied with all the requirements of the laws of said state applicable to said Company and is duly qualified to act as Surety under such laws; that said Company has also complied with and is duly qualified to act as Surety under Public Law 97-258 enacted September 13, 1982 (96 Stat. 1047 as amended; 51 U.S.C. 9304-9308); that to the best of their knowledge and belief the above statement is a full, true and correct Statement of the Assets and Liabilities of the said Company as of December 31, 1999.

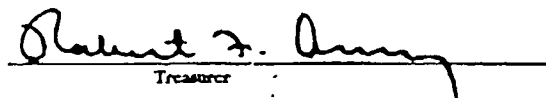
Subscribed and sworn to before me

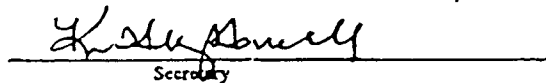
this 23th day in March, 2000



JUDITH A. MORGAN
Notary Public, State of Ohio
My Commission Expires Mar. 10, 2004




Treasurer


Secretary

GREAT AMERICAN INSURANCE COMPANY®

580 WALNUT STREET • CINCINNATI, OHIO 45202 • 513-369-5000 • FAX 513-723-2740

The number of persons authorized by
this power of attorney is not more than

No. 0 16964

TWO

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS: That the GREAT AMERICAN INSURANCE COMPANY, a corporation organized and existing under and by virtue of the laws of the State of Ohio, does hereby nominate, constitute and appoint the person or persons named below its true and lawful attorney-in-fact, for it and in its name, place and stead to execute in behalf of the said Company, as surety, any and all bonds, undertakings and contracts of suretyship, or other written obligations in the nature thereof; provided that the liability of the said Company on any such bond, undertaking or contract of suretyship executed under this authority shall not exceed the limit stated below.

Name	Address	Limit of Power
WILLIAM H. HUTTO	ALL OF	ALL
SPENCER H. ZETTLER	NEW YORK, NEW YORK	\$10,000,000

This Power of Attorney revokes all previous powers issued in behalf of the attorney(s)-in-fact named above.

IN WITNESS WHEREOF the GREAT AMERICAN INSURANCE COMPANY has caused these presents to be signed and attested by its appropriate officers and its corporate seal hereunto affixed this 27th day of April, 2000
Attest GREAT AMERICAN INSURANCE COMPANY

STATE OF OHIO, COUNTY OF HAMILTON — ss:

On this 27th day of April, 2000, before me personally appeared DOUGLAS R. BOWEN, to me known, being duly sworn, deposes and says that he resided in Cincinnati, Ohio, that he is the Vice President of the Bond Division of Great American Insurance Company, the Company described in and which executed the above instrument; that he knows the seal; that it was so affixed by authority of his office under the By-Laws of said Company, and that he signed his name thereto by like authority.

This Power of Attorney is granted by authority of the following resolutions adopted by the Board of Directors of Great American Insurance Company by unanimous written consent dated March 1, 1993.

RESOLVED: That the Division President, the several Division Vice Presidents and Assistant Vice Presidents, or any one of them, be and hereby is authorized, from time to time, to appoint one or more Attorneys-In-Fact to execute on behalf of the Company, as surety, any and all bonds, undertakings and contracts of suretyship, or other written obligations in the nature thereof; to prescribe their respective duties and the respective limits of their authority; and to revoke any such appointment at any time.

RESOLVED FURTHER: That the Company seal and the signature of any of the aforesaid officers and any Secretary or Assistant Secretary of the Company may be affixed by facsimile to any power of attorney or certificate of either given for the execution of any bond, undertaking, contract or suretyship, or other written obligation in the nature thereof, such signature and seal when so used being hereby adopted by the Company as the original signature of such officer and the original seal of the Company, to be valid and binding upon the Company with the same force and effect as though manually affixed.

CERTIFICATION

I, RONALD C. HAYES, Assistant Secretary of Great American Insurance Company, do hereby certify that the foregoing Power of Attorney and the Resolutions of the Board of Directors of March 1, 1993 have not been revoked and are now in full force and effect.

Signed and sealed this 21st day of July, 2000